

A N N U A L R E P O R T

O F T H E

P R I N C E E D W A R D I S L A N D C R O W N B U I L D I N G C O R P O R A T I O N

F O R T H E Y E A R E N D E D

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TO HIS HONOUR

THE HONOURABLE LLOYD G. MACPHAIL

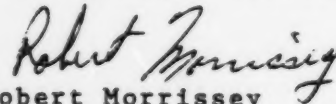
Lieutenant Governor of The Province of
Prince Edward Island

May It Please Your Honour:

I respectfully submit herewith, for the information of
Your Honour and the Legislature of Prince Edward Island, the
Annual Report of the Crown Building Corporation for the Fiscal
year ended 31 March 1986.

I have the honour to be Sir:

Your Obedient Servant,



Robert Morrissey
Minister
Department of Transportation
& Public Works

Charlottetown, P.E.I.
4 March, 1987

PRINCE EDWARD ISLAND
CROWN BUILDING CORPORATION

Charlottetown
Prince Edward Island
March 4, 1987

Honourable Robert Morrissey
Prince Edward Island Crown
Building Corporation
Charlottetown, P.E.I.

Sir:

We have the honour to submit herewith a report of the activities of the Prince Edward Island Crown Building Corporation for the year ended 31 March 1986.

An Act to establish the Prince Edward Island Crown Building Corporation was passed on 5 April 1962. Subsequently, Orders-in-Council appointed successive Presidents and Directors. During the period 1962-66 the Corporation functioned as an administrative and financing agency for the site preparation, planning, design and construction of the Provincial Administrative buildings in Charlottetown, and from 1966 to 1984 the Corporation generally limited its activities to that of financial agency responsible for amortizing construction costs of the Administrative buildings.

An amendment to the Prince Edward Island Crown Building Corporation Act (RSPEI 1974, Cap. C-30), assented to 11 May 1984, enabled the Corporation to plan, design, and construct the buildings, facilities, and equipment necessary to accommodate the veterinary teaching facility, known as the College, to be established as part of the University of Prince Edward Island; and to assume the financial obligation of Prince Edward Island, all pursuant to the Agreement of 3 June 1983, on behalf of the Government of Canada and the Governments of the Provinces of Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland.

Bylaws of the Corporation were approved by the Lieutenant Governor-in-Council 30 August 1984, and; subsequently, amended by-laws were approved 15 November 1984.

Objects and powers of the Corporation were approved by the Lieutenant Governor-in-Council 30 August 1984.

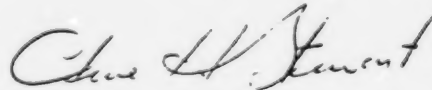
Pursuant to an Agreement of 8 September 1983 between Prince Edward Island and the University of Prince Edward Island, the University conveyed the lands containing approximately 19 acres to the Province for the purpose of construction of all building and parking areas necessary for the College.

During the year ending 31 March 1986 the Board of the Corporation authorized construction and equipment contracts valued at \$20,625,553. towards the building of the College. Contracts previously authorized were valued at \$5,249,623., thus the total value of work and equipment authorized to 31 March 1986 was \$25,875,176.

The Corporation acknowledges with thanks the contributions made by many persons and agencies within the University of Prince Edward Island, the Government of Canada and the Governments of the Atlantic Provinces, and the private sector, all towards the design and construction of the Atlantic Veterinary College.

The audited financial statement of this Report covers details of costs.

Respectfully submitted,



CLIVE H. STEWART
General Manager
Prince Edward Island Crown
Building Corporation

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1986

AUDITOR GENERAL

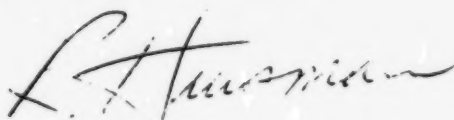
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crown Building Corporation

I have examined the balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 1986 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the basis of accounting as disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceeding year.



R. Huisman, C.A.
Acting Auditor General

Charlottetown, Prince Edward Island
July 18, 1986

STATEMENT 1

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
BALANCE SHEET

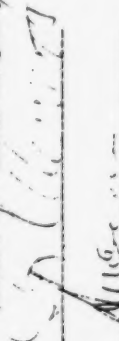
MARCH 31, 1986

(with comparative figures at March 31, 1985)

ASSETS		LIABILITIES AND SURPLUS	
	1986	1985	
CURRENT ASSETS			
Cash	35	\$ 155,289	
Accounts Receivable - Province of P.E.I.	\$ 155,250		\$ 155,250
FIXED ASSETS			
Land - cost	271,340	271,340	5,400,000
Buildings and equipment - cost - Note 1(a)	6,116,139	6,116,139	
OTHER ASSETS			
Unamortized bond discount & issue expenses	121,903	128,021	3,741,525
Atlantic Vet College project - Schedule 1	25,305,143	6,256,162	
	\$31,969,810	\$12,926,961	
	=====	=====	
CURRENT LIABILITIES			
Accrued interest			\$ 155,250
LONG TERM LIABILITIES			
Debentures payable - Note 2			5,400,000
Less: Sinking Fund - Note 3 (Market value)			
1986 - \$5,256,096			
1985 - \$3,968,172			
	4,314,680		3,741,525
	1,085,320		1,658,475
	1,109,417		1,115,539
	2,194,737		2,774,014
	25,305,143		6,256,162
EQUITY AND LIABILITIES: Atlantic Vet			
College project - Schedule 1			
SURPLUS			
Unappropriated			
Net Income - Statement 2	67,500		67,500
Less: Transfer to Sinking Fund Reserve	67,500		67,500
Appropriated			
Sinking Fund Reserve			
Balance beginning of year	3,741,525		3,231,813
Investment income - Note 1(b)	505,655		442,212
Sinking Fund installments	67,500		67,500
Balance end of year	4,314,680		3,741,525
	\$31,969,810		\$12,926,961
	=====		=====

ON BEHALF OF THE BOARD OF DIRECTORS:

(Notes 1 to 7 are an integral part of these financial statements.)



STATEMENT 2

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
STATEMENT OF INCOMEYEAR ENDED MARCH 31, 1986
(with comparative figures for the year ended March 31, 1985)

	1986	1985
	----	----
LEASE INCOME - Province of Prince Edward Island net lease - Note 1(a)	\$334,118	\$384,118
	-----	-----
EXPENSES		
Interest	310,500	310,500
Amortization of bond discount	6,118	6,118
	-----	-----
	316,618	316,618
	-----	-----
Net Income for Year	\$ 67,500	\$ 67,500
	=====	=====

(Notes 1 to 7 are an integral part of these financial statements.)

SCHEDULE 1

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

ATLANTIC VETERINARY COLLEGE PROJECT
BALANCE SHEET

MARCH 31, 1986
(with comparative figures at March 31, 1985)

ASSETS

	1986	1985
Cash and Deposit Receipts	\$ 1,168,040	\$ 597,884
Accounts Receivable	2,961,743	830,306
Construction in Progress	21,175,360	4,827,972
	<u>\$25,305,143</u>	<u>\$6,256,162</u>
	=====	=====

LIABILITIES AND EQUITY

Accounts Payable and Accrued Liabilities	\$ 3,664,873	\$1,152,867
	<u>-----</u>	<u>-----</u>
P.E.I. Contributions - Non-Shareable Project Costs - Note 7	22,275	-
	<u>-----</u>	<u>-----</u>
Billings to Parties under Cost-Sharing Agreement:		
- Government of Canada	19,074,344	4,827,972
- Province of Prince Edward Island	992,024	-
- Province of Nova Scotia	813,968	144,432
- Province of New Brunswick	661,349	117,351
- Province of Newfoundland	76,310	13,540
	<u>21,617,995</u>	<u>5,103,295</u>
	<u>\$25,305,143</u>	<u>\$6,256,162</u>
	=====	=====

(Notes 1 to 7 are an integral part of these financial statements.)

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1986

1. Accounting Policies

- (a) No depreciation is being charged against the buildings and equipment.
- (b) The statement of income is on a net lease basis and does not include the interest on Sinking Fund investments. The investment income is shown as a separate item in the Sinking Fund section of the balance sheet.

2. Debentures payable - 5 3/4% Sinking Fund debentures due April 1, 2006, callable at the option of the Corporation on or after April 1, 2001. The debentures are guaranteed by the Province of Prince Edward Island.

3. Sinking Fund investments consist of the following:

	1986	1985
	-----	-----
Cash	\$ 3,131	\$ 1,564
Accrued Interest	154,496	139,827
Debentures	4,157,053	3,600,134
	-----	-----
	\$4,314,680	\$3,741,525
	=====	=====

- 4. The loan payable to the Province of P.E.I. is a non-interest bearing loan with no stated maturity date.
- 5. A legal claim against the Crown Building Corporation has been made pertaining to the ownership of lands on which both the Jones and Sullivan Buildings are situated as well as part of the parking lot. At the present time, July 18, 1986, the amount of the loss, if any, is not determinable.

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1986

6. In June 1983, the Atlantic Provinces and the Government of Canada signed an agreement to construct a veterinary teaching facility (Atlantic Veterinary College) in Charlottetown as part of the University of Prince Edward Island. The Atlantic Provinces and the Federal Government have agreed to share in the cost of the project to a maximum of \$36.5 million in 1983 constant dollars. The Province of Prince Edward Island is responsible for 100% of net project cost overruns. The cost sharing ratios and maximum amounts are as follows:

Canada	50.0%	or	\$18,250,000	(in 1983 constant dollars)
P.E.I.	19.5%	or	7,115,000	"
Nova Scotia	16.0%	or	5,840,000	"
New Brunswick	13.0%	or	4,745,000	"
Newfoundland	1.5%	or	547,500	"
	-----		-----	
	100.0%		\$36,497,500	
	=====		=====	

The Atlantic Provinces agreed to a Federal Government request to bill the Federal Government for 100% of costs until available funds were depleted or the federal \$18.25 million maximum was reached in order to take advantage of existing federal budget provisions.

As at this date, July 18, 1986, Project Management anticipates no net project cost overruns.

The value of uncompleted work on outstanding contracts at March 31, 1986 was \$10,072,293.

The P.E.I. Government is responsible for the actual construction of the College and is discharging the responsibility through the P.E.I. Crown Building Corporation.

The College is primarily to benefit the four Atlantic Provinces. Therefore, entrance seats and operating costs will be allocated among the four provinces on a basis as indicated by the "Four Party Agreement".

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 1986

7. P.E.I. Contributions - Non-Shareable Project Costs represents the net amount of the following project-related costs and revenues of the Province of Prince Edward Island which are not shareable under the "Five Party Agreement".

Non-Shareable Costs:	
Provincial Designate - salary & travel	\$ 96,006
Legal Fees	20,132
Accounting Fees	4,300
Advertising	944

	121,382

Less: Non-Shareable Revenues:	
Net Interest Revenue	96,707
Sundry Revenue	2,400

	99,107

Net Non-Shareable Costs	\$ 22,275
	=====

These net non-shareable costs were incurred by the Province during the fiscal years ended March 31, 1984, 1985 and 1986.

In addition to the above, during the 1985-86 fiscal year \$10,646 was charged in the Province of P.E.I.'s appropriation ledger to the P.E.I. Crown Building Corporation for salary and travel expenses incurred in marketing student seats. Another \$528,032 was charged in the 1985-86 appropriation ledger to the Department of Education for P.E.I.'s share of the Vet College start-up costs incurred by the University of Prince Edward Island.